

Oil Sands

Media Monitoring Report

CanadaWest
FOUNDATION

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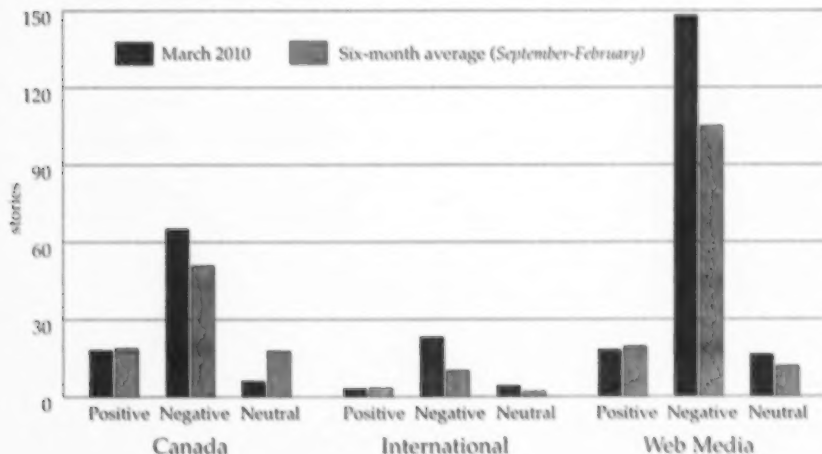
Monthly Overview

Oil sands coverage increased in March, with total coverage rising 37% compared to February. The increase was due to a higher than average number of stories dealing with both environment issues and economic issues—specifically an increase in the number of negative environmental stories and an even larger increase (proportionately) in the number of positive economic stories.

The surge in negative environmental coverage was not due to any single event, but derived from a combination of stories dealing with start of the Syncrude tailings pond trial over the death of 1,600 ducks, a new report from the World Wildlife Fund, the release of an oil sands video game, and a British documentary entitled "Dirty Oil." Combined, the coverage of these incidents helped drive the total amount of negative stories about the environment to 236—over half the total amount of oil sands stories tracked in March. As a result, negative environmental stories in Canadian and online media reached their second highest peak over the last 10 months (the highest being December 2009, during the UN's COP15 climate change conference in Copenhagen), and hit a record peak in the international media.

Perhaps as a counterbalance, March also saw a surge in the positive economic coverage of the oil sands. A number of oil sands sales and investment announcements produced nearly twice as many positive stories reported in the Canadian media as in a typical month and recorded more than 50 positive economic stories in online media for the just the second time in the last 10 months. The reporting of these events was overwhelmingly positive as there were fewer than average negative economic stories in March.

Environmental Stories



Methodology

The media monitoring process used for this report made use of the Google search engine's Google Alerts feature. Each day, the Google engine searched the Internet for related stories and delivered the hits in an email. Three search terms were used to guide the internet searches: "oil sands," "oilsands" and "tar sands." The vast majority of sites criticising the oil sands use the more pejorative term "tar sands," so in order to receive a more complete snapshot of public opinion the term was included in the search. Also included in the search was the French term for oil sands, "sables bitumineux," in order to bring in stories from the French language media.

This process brought in several hundred items: once re-posts and stories not connected or only peripherally connected to the oil sands were weeded out, there remained a total of 454 stories over the course of March 2010. These stories were gathered from blogs, environmental and economic websites and media outlets reaching audiences around Canada and the world.

The stories were analyzed and broken into two categories: environmental and economic. Stories that portrayed the oil sands in a positive light through their contribution to the Canadian economy, value to energy security or advances in efficiency, or stories in which corporations and governments defend the development of the oil sands were classified as "positive." Stories whose focus was on the costs of oil sands development such as carbon emissions, water use, job loss or falling stock prices, or stories that called attention to such costs without also presenting the benefits of the oil sands were classified as "negative." Stories that discussed the oil sands without comment on their costs or benefits, or which discussed both equally, were classified as "neutral."

Key Stories

While no story stood out in March to the degree that the Olympic protests did in February, two environmental stories still lead the pack. Neither story was a new development: the two top stories involved ongoing coverage of a familiar topic and the return of an older story. The ongoing topic concerns comparisons of the Athabasca oil sands to the open pit mining seen in James Cameron's movie *Avatar*, which began shortly after the film's release but have been picking up steam since February. The returning story is the ducks that died after landing in one of Syncrude's tailings ponds two years ago, as the trial over this event began in March.

When *Avatar* began its reign at the box office in December, environmentalists were quick to point out similarities between the giant pit mines plaguing the fictitious world of Pandora and bitumen extraction operations in Athabasca. Pandoran mines used machinery that was formerly (and critics of these comparisons were quick to point out the "formerly") used in the oil sands. The comparison of *Avatar* and the oil sands began to spread in February as environmentalists used the upcoming Academy Awards to call further attention to the oil sands through *Avatar*'s best picture nomination.

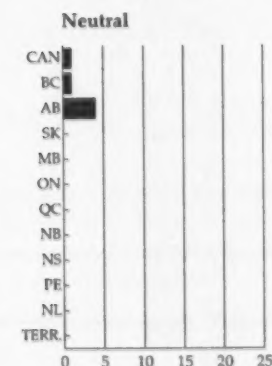
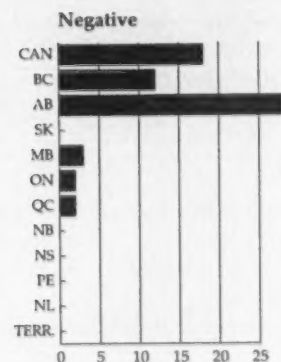
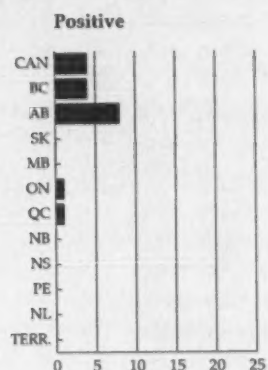
While the film did not win best picture, this did little to slow the spread of environmentalists trying to stir anti-oil sands sentiment by comparing bitumen extraction to the ravaging of Pandora. In fact, the story was further validated when *Avatar*'s Oscar-winning art director admitted to basing some of his designs on oil sands operations.

The *Avatar* comparison has begun to draw fire from the oil industry, with oil sands defenders attacking those who would wave around a fictional story set on an imaginary planet in order to attack a real-world industry. These defences were the minority of the coverage, however. In total there were 36 stories about the link between Athabasca and *Avatar*, only five of which were in defence of the oil sands.

Nearly two years after 1,606 ducks died after landing in a Syncrude tailings pond, the company's trial over the incident began last month. The trial was widely covered in the Canadian media, with outlets across the country covering the developments and details of the trial. All of these stories were accompanied by photos and reminders of the ducks that died, meaning that Syncrude in specific and the oil sands in general were being publically linked to the dead birds all over again.

Some stories indicated that even if Syncrude had gotten their current deterrent system up and running earlier that day, it may not have been able to prevent the tragedy. This did not provide much of a defence for Syncrude or the industry against the accusations. One story published online at the NRDC Switchboard site hypothesised that if the trial concluded that bird deaths on the tailings ponds were inevitable, it could prove that

Environmental Stories by Area (March 2010)



under Alberta environmental law all tailings ponds could be considered illegal. The mainstream media did not mention this possibility.

While negative environmental stories tend to get most of their coverage online, only seven websites discussed the trial. There were 25 stories in the Canadian media, through CBC, CTV, two national papers (the Globe and Mail and the National Post) and newspapers throughout Alberta and BC. Coverage of the trial also reached the United States through the New York Times and the United Arab Emirates through the National, a local newspaper.

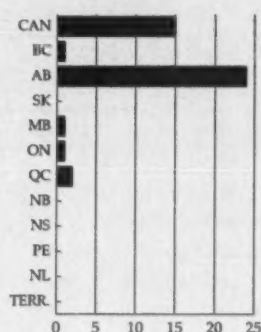
Environmental Stories

The Polaris Institute, an environmental organization, took a new approach to attacking the oil sands in March. With the help of designers Insidious Design, the group released an online video game called Tar Nation. In the game, players fire oil at Stephen Harper and Michael Ignatieff against a backdrop meant to represent the environmental damage caused by oil sands development. At the game's conclusion players are encouraged to send a pre-written email to Harper, Ignatieff and all party leaders citing the danger of the oil sands and calling for a change in energy policy away from bitumen crude. The Canadian Association of Petroleum Producers (CAPP) was quick to fire back at Tar Nation, saying "balancing environmental protection, economic growth and providing ongoing safe and reliable supplies of energy is not a game." CAPP also took aim at the game's name, stating that while Canada is the number two global producer of crude oil, it is also the third largest producer of natural gas and second largest producer of hydroelectricity, and thus it is unfair to label Canada a "tar nation." However, as in the case of the Avatar comparison, counter-attacks from the oil industry were reported far less than the game itself. Tar Nation was covered ten times online, six times in Canadian media and once through Reuters US.

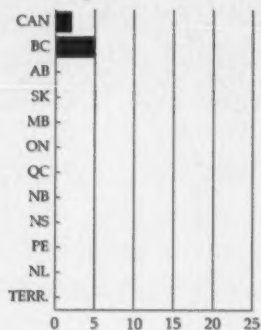
The World Wildlife Fund (WWF) released a new report in March, the point of which was to discuss how money invested in developing the oil sands could instead be used to research and develop alternative energy. The report hypothesises that the amount of money (which the WWF estimates at \$500 billion) invested in the oil sands between now and 2025 could fund a Europe-wide shift to electric vehicles or construct a planned Sahara solar plant. The report's thesis quickly came under fire, even from those supporting it. Some simply pointed out that these alternative energy projects would be less likely to raise the same amount of capital as petroleum projects, while others questioned why companies such as BP and Shell, who are amongst those investing the estimated \$500 billion, should be responsible for funding alternative energy. Criticisms focused on the report's false suggestion that the \$500 billion would have been spent on green energy if it hadn't been invested in

**Economic Stories by Area
(March 2010)**

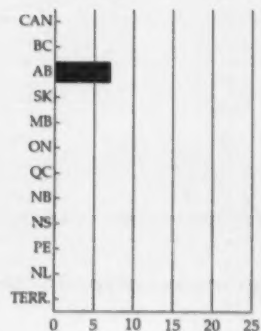
Positive



Negative



Neutral



the oil sands. Again, criticism was in the minority of the coverage, with four stories defending the oil sands compared to 16 covering the report.

Most stories in the Canadian media discussed the WWF report in conjunction with another attack on the oil sands released at the same time: the British documentary *Dirty Oil*, featuring Canadian actress Neve Campbell. CAPP attempted to respond to both the report and the film, saying that these attacks strengthened their resolve to highlight the benefits of the oil sands. In addition to the Canadian coverage (all of which was combined with coverage of the WWF report) *Dirty Oil* was discussed or reviewed nine times online.

Often, when discussing the environmental impacts of oil sands development, steam-assisted gravity drainage (SAGD) is seen as a cleaner option. It produces no tailings ponds and has a far smaller footprint than pit mining. Some coverage in March focused on Pembina Institute report that challenged the cleaner view of SAGD, claiming that SAGD is just as environmentally damaging as open pit mining. Media reports focused on the the land disturbance caused by SAGD operations, (despite the disturbance being far smaller than in mining), and the increased energy use and carbon output caused by heating water into steam in order to melt underground bitumen deposits. Representatives of companies involved in SAGD operations responded saying that they welcome scrutiny into their environmental practices.

Economic Stories

British firm BP was at the centre of two of the larger economic stories in March. The firm sold a portion of its Kirby oil sands lease to Oklahoma-based Devon Energy for \$500 million. BP is not pulling out of the project: the two companies formed a partnership to jointly develop the Kirby lease. And as proof that BP is not reducing their oil sands holdings, the company purchased a majority stake in Value Creations' oil sands holdings, a 185,000 acre block in Northern Alberta that BP has committed to helping develop. Earlier in the year BP had been competing with Indian company Reliance Industries. This purchase is seen as BP building its presence within the oil sands.

Another major story in March involved the Athabasca Oil Sands Corporation launching an initial public offering (IPO) in order to raise capital for their projects, after having sold interest in those projects to PetroChina for \$1.9 billion last year. The goal of the IPO was to raise \$750 million. Media reports suggest that sales of shares in the company easily surpassed this goal, as the IPO is expected to raise at least \$1.35 billion, and possibly as much as \$1.55 billion, more than twice the target. This would make Athabasca's IPO the largest in Canada since at least 2006. The IPO's success was covered six times in Canadian media, twice in the US and once online.

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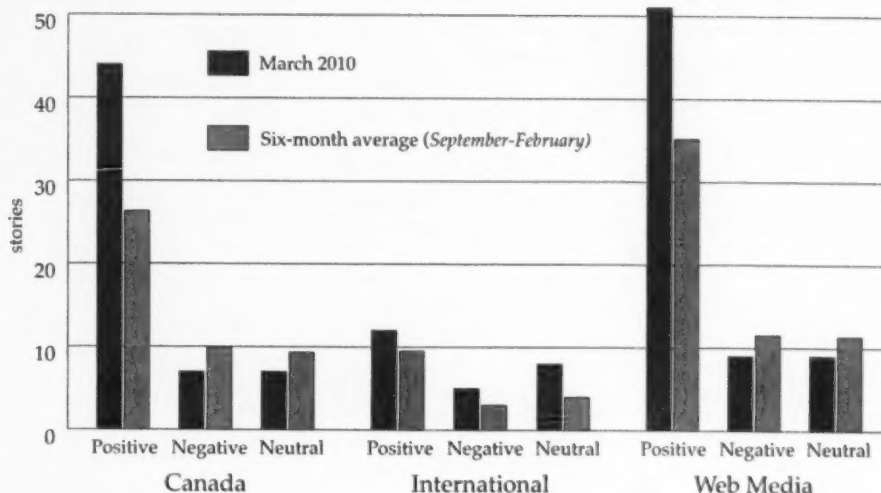
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Economic Stories



Also in March, Alberta's energy minister spoke out in the media against using environmental concerns as an excuse to erect trade barriers against Canada. While the minister did not specify a region in his comments, it was suspected and later confirmed that he was referring to the European Union (EU). Later in the month, it was reported that the EU removed planned rules that would have created trade barriers for oil sands crude. While there was no provable connection between the minister's comments and the EU's decision, the Alberta government claimed it as a victory in the media.